

BY E-Mail and U.S. Mail

March 31, 2004

Docket No. R-1181

Jennifer J. Johnson

Secretary

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue, NW

Washington DC 20551

Re: Proposed Changes to the Community Reinvestment Act (CRA) Regulations

Dear Ms Johnson:

It is my understanding that the Federal Reserve System and other regulatory agencies are soliciting comments to proposed changes to the CRA regulations. The proposed rules contain a mix of welcomed changes and proposals that do not go far enough to improve credit and related services to Cleveland's residents and businesses.

We have been very engaged in predatory lending issues and how abusive lending practices affect our constituents and neighborhoods. Our citizens are financially stretched beyond their means, equity has been stripped from their homes, foreclosures have tripled over the past couple of years and our neighborhood groups have to increasingly fight blight and abandoned homes.

The proposed regulations to provide an additional review by examiners to compare the loan with the foreclosed value do not go far enough to reduce abusive lending practices. There are other abusive lending practices such as excessive fees that create abusive lending. I urge you to reconsider how you can be more effective at reducing the number of predatory loans through the exam process or other regulatory measures.

Many loans are made in our neighborhoods by lenders affiliated with local financial institutions. These affiliate lenders may make loans which could be termed abusive and therefore destructive to Cleveland's constituents. The covered financial institutions you regulate should be judged by the sum of their parts and the public should know of these relationships. As it has become increasingly difficult for the public to discover these relationships, the Federal Reserve System should require public disclosure of the affiliate/parent relationship and the lending record of the affiliate. Obviously, the proposed requirement to report high cost loans will have its greatest impact if all lending institutions are required to report

Non-depository institutions **do** substantial business in Cleveland and yet are not monitored for their business practices, as are banks with local branches. I suggest the definition of assessment area be reviewed in light of this increased banking trend.

I applaud the Federal Reserve's requirement to report originations and purchased loans separately and report information on high cost loans made by financial institutions. These changes will help us better understand the financial services industry and the performance of local lenders.

The city of Cleveland is proud of our partnerships with local lenders. Our partners have done much to increase access to capital within Cleveland, to include loans and services to minority and low-income persons and geographies. Our local lenders are large banks but I certainly support efforts to ensure protections for all credit worthy individuals to secure financing regardless of the size of their city.

Please contact Estella Loar, Manager, Bank Relations at 216-664-4287 with any questions.

Sincerely,

Deb Janik
Chief of Staff

cc: National Community Reinvestment Coalition (NCRC)

Sent also to:

Docket No. 04-06
Communications Division
Public Information Room, Mailstop 1-5
Office of the Comptroller of the Currency
250 E. Street, SW
Washington DC 20219

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th St., N. W.
Washington, DC 20429